



Air Media Financial Status

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Missouri Department of Natural Resources

Air Pollution Control Program

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AIR POLLUTION CONTROL PROGRAM FUND ANALYSIS - “ALL MONIES RECEIVED”

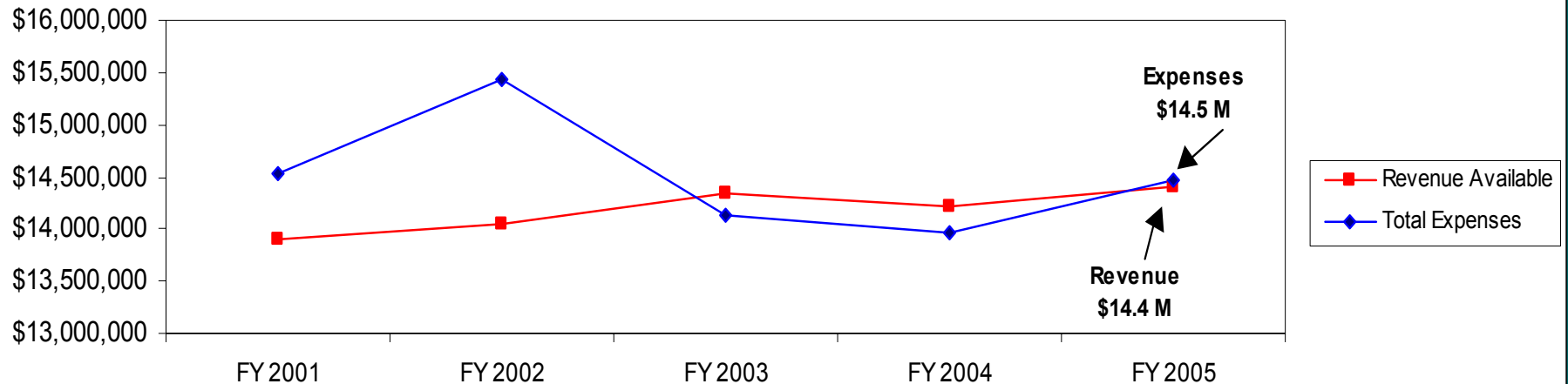
This annual presentation of revenues and expenditures for all program funds fulfills the requirement of Statute 643, Section 79 of the Revised Statute of MO.

This Statute requires the emission fee to be set to fund the cost of administering Sections 10 to 190.

Subsection 1: Authorizes that the emission fee can be set from \$25 to \$40 per ton.

History of Revenue and Expenditures “All Funds”

Total Revenue and Expenses for the Air Program



FY2004 Expenses do not include the \$812,177 interest fund sweep.

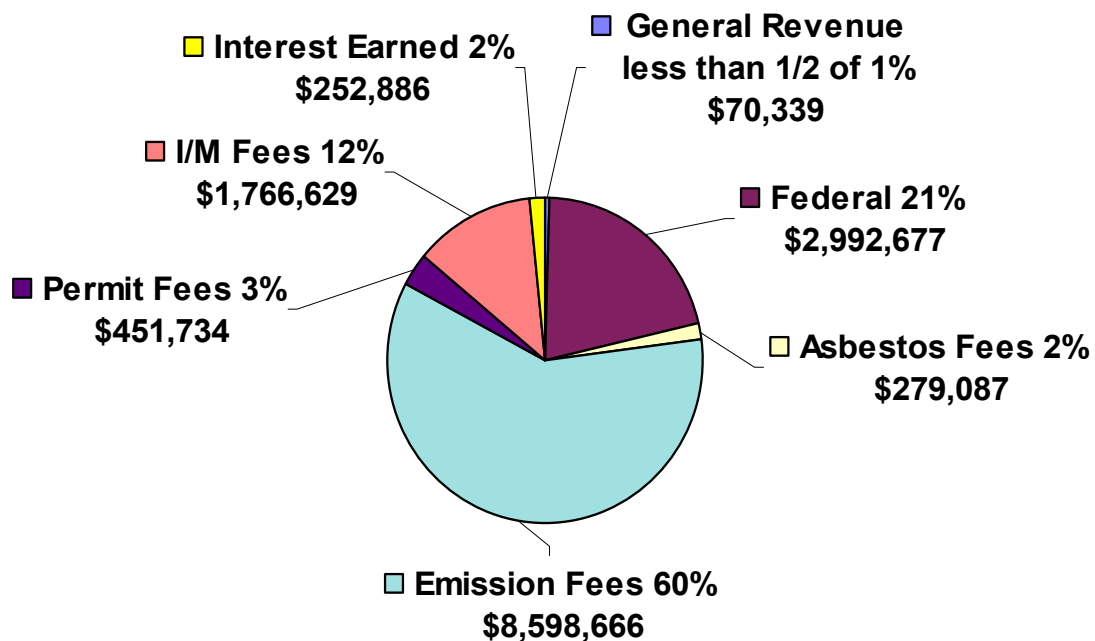
Path: Fund Projections/History93_2005 Tab

General Revenue, Federal, Asbestos Fees, Emission Fees,
Permit Fees, I/M Fees, and Interest Earned

FY2005 Seven Sources of Revenue

“All Funds”

FY2005 Sources of Revenue
Total Revenue \$14,412,018

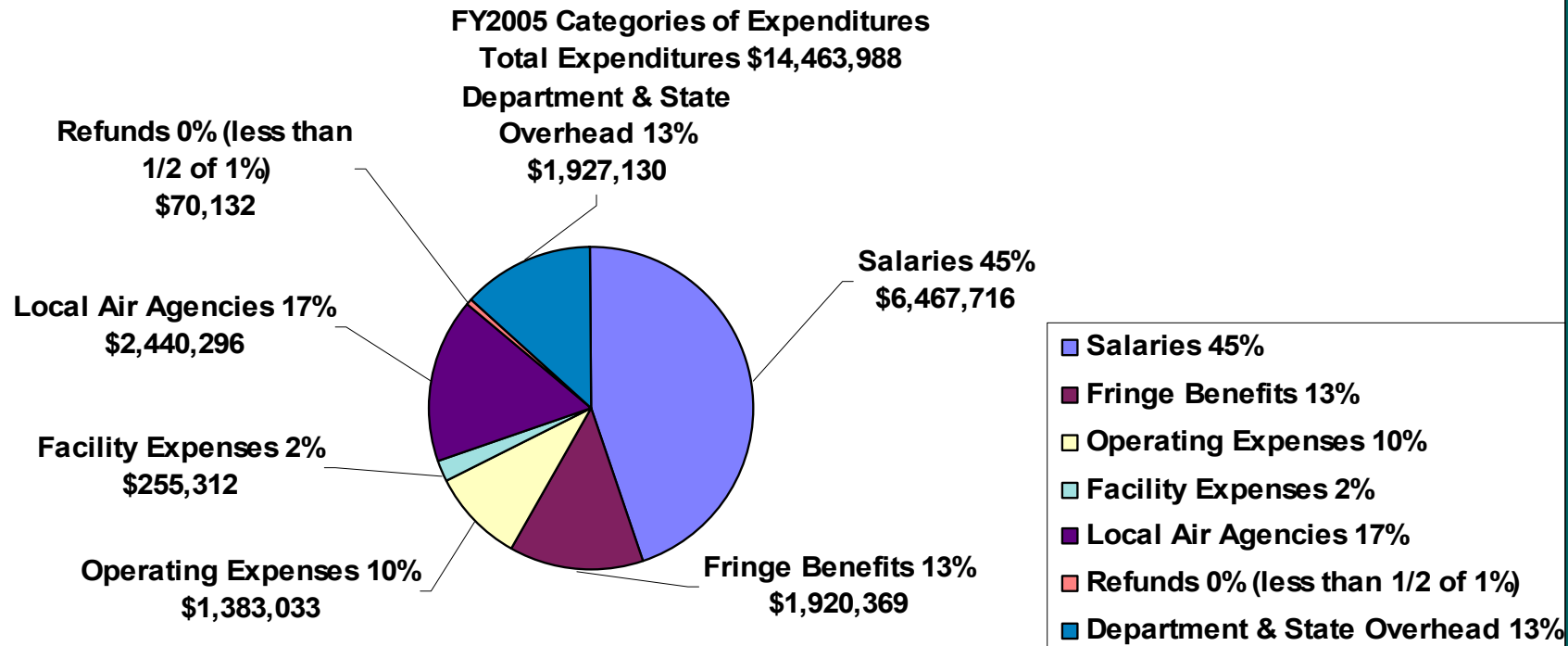


- General Revenue less than 1/2 of 1%
- Federal 21%
- Asbestos Fees 2%
- Emission Fees 60%
- Permit Fees 3%
- I/M Fees 12%
- Interest Earned 2%

FY2005 Expenditures

“All Funds”

(Funded by the Seven Sources of Revenue)



Emission & Permit Fee Fund

“FEE FUND”

Emission Fee Rate Per Ton



Fiscal Year 2005 (Emission Year 2004)

In 2004 the fee rate was approved at \$33.00 for:

- ◆ CY 2004 Emissions
- ◆ FY 2005 Revenue
- ◆ FY 2006 Operations
- ◆ All facility fees were due April 1, 2005.

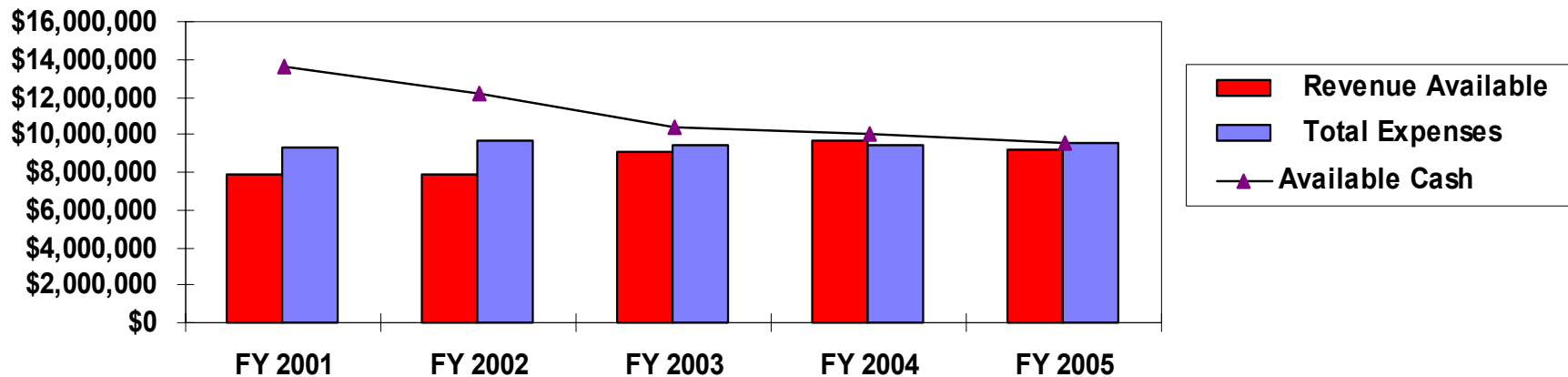
FY2005 “Fee Fund” Activity

| Permit and Emission Fee Fund | | FY 2005 |
|---|-----------------------------|--------------------|
| <u>Cash Available as of July 1, 2004</u> | | \$ 9,551,031 |
| Expenses | | |
| | Salaries | \$4,182,025 |
| | Fringe Benefits | \$1,581,250 |
| | Operating Expenses | \$714,891 |
| | Facility Expenses | \$190,916 |
| | Local Air Agencies | \$1,519,094 |
| | Refunds | \$62,082 |
| | Department & State Overhead | \$1,276,301 |
| | Total Expenses | \$9,526,558 |
| Operating Balance | | \$ 24,473 |
| Revenue Sources | | |
| | Permit Fees | \$451,734 |
| | Emission Fees | \$8,598,666 |
| | Interest Earned | \$167,398 |
| | Revenue Available | \$9,217,798 |
| <u>Cash Available as of June 30, 2005</u> | | \$ 9,242,271 |

Emission & Permit Fee Fund

History of “Fee Fund” Revenue, Expenditures, and Cash Flow

Natural Resource Protection Fund - Permit and Emission Fees



Note: FY2004 Expenses do not include the "Fee Fund" \$619,994 interest fund sweep.

Path: Fund Projections/0594_Fund Tab

Note: Balance = Next Fiscal Year Cash Flow

Emission & Permit Fee Fund

Fiscal Year 2006 (Emission Year 2005)

In 2005, the \$35.50 fee rate was proposed, but approved at \$34.50 for:

- ◆ CY 2005 Emissions
- ◆ FY 2006 Revenue
- ◆ FY 2007 Operations
- ◆ All facility fees were due April 1, 2006 for 2005 chargeable emissions;
- ◆ Except SIC 4911 facility emission fees were due June 1, 2006.

Fiscal Year 2006 Financial (Emission Year 2005)

| Fiscal Year 2006 by Quarter | | 1st Quarter | 2nd Quarter | 3rd Quarter | 4th Quarter | FY06 Total |
|--|------------------------------|----------------------|----------------------|--------------------|--------------------|--------------------|
| Cash Available July 1, 2005 | | \$9,242,272 | | | | |
| Revenue Sources | | | | | | |
| | Permit Fees | \$64,693 | \$61,626 | \$167,819 | \$156,472 | \$450,609 |
| | Emission Fees | \$15,857 | \$2,986 | \$2,809,304 | \$6,038,354 | \$8,866,500 |
| | Interest Earned | \$69,376 | \$63,240 | \$59,591 | \$72,531 | \$264,738 |
| | Total Revenue | \$149,925 | \$127,851 | \$3,036,714 | \$6,267,357 | \$9,581,847 |
| Expenses and Encumbrances | | | | | | |
| | Salaries | \$1,148,361 | \$1,045,606 | \$973,233 | \$1,011,691 | \$4,178,892 |
| | Fringe Benefits | \$441,583 | \$409,926 | \$396,884 | \$403,461 | \$1,651,854 |
| | Operating Expenses | \$109,404 | \$214,050 | \$262,778 | \$209,692 | \$795,925 |
| | Facility Expenses | \$52,103 | \$96,594 | \$81,245 | \$74,351 | \$304,293 |
| | Grants to Local Air Agencies | \$66,091 | \$431,540 | \$320,607 | \$339,342 | \$1,157,580 |
| | Refunds | \$950 | \$483 | \$3,095 | \$1,146 | \$5,674 |
| | Department & State Overhead | \$266,994 | \$347,959 | \$343,969 | \$340,611 | \$1,299,532 |
| | Total Expenses | \$2,085,487 | \$2,546,158 | \$2,381,810 | \$2,380,294 | \$9,393,749 |
| Revenue Over/(Under) Expenditures | | (\$1,935,561) | (\$2,418,307) | \$654,904 | \$3,887,063 | \$188,098 |
| Ending Cash Adjustment | | | | | | |
| Cash Available June 30, 2006 | | \$7,306,711 | \$4,888,404 | \$5,543,307 | \$9,430,370 | \$9,430,370 |
| Average Monthly Expenditures | | \$782,812 | | | | |
| Months of Funded Operations | | 12.0 | | | | |

Emission & Permit Fee Fund-Actual as of March 31, 2006; the remainder of the fiscal year is projected.

Department of Natural Resources Reorganization

Field Services Division

Fiscal Year 2007 (Emission Year 2006)

The fee rate is proposed to remain at \$34.50 for:

- ◆ CY 2006 Emissions
- ◆ FY 2007 Revenue
- ◆ FY 2008 Operations
- ◆ All facility fees are proposed to be due June 1, 2007.

Fiscal Year 2007 Projected Financial Using Historical Rates (Emission Year 2006)

| Fiscal Year 2007 by Quarter | | 1st Quarter | 2nd Quarter | 3rd Quarter | 4th Quarter | FY07 Total |
|--|------------------------------|----------------------|----------------------|----------------------|--------------------|--------------------|
| Cash Available June 1, 2006 | | \$9,430,370 | | | | |
| Revenue Sources | | | | | | |
| | Permit Fees | \$64,694 | \$61,627 | \$167,819 | \$156,469 | \$450,609 |
| | Emission Fees | \$15,857 | \$2,986 | \$0 | \$8,847,657 | \$8,866,500 |
| | Interest Earned | \$52,928 | \$37,790 | \$22,713 | \$236,825 | \$350,256 |
| | Total Revenue | \$133,479 | \$102,403 | \$190,532 | \$9,240,951 | \$9,667,365 |
| Expenses and Encumbrances | | | | | | |
| | Salaries | \$1,194,296 | \$1,087,430 | \$1,012,163 | \$1,052,159 | \$4,346,047 |
| | Fringe Benefits | \$498,773 | \$454,413 | \$423,169 | \$439,772 | \$1,816,127 |
| | Operating Expenses | \$124,404 | \$229,050 | \$277,778 | \$224,692 | \$855,925 |
| | Facility Expenses | \$52,103 | \$96,594 | \$81,245 | \$74,351 | \$304,293 |
| | Grants to Local Air Agencies | \$66,091 | \$431,540 | \$320,607 | \$339,342 | \$1,157,580 |
| | Refunds | \$950 | \$483 | \$3,095 | \$1,146 | \$5,674 |
| | Department & State Overhead | \$277,674 | \$361,877 | \$357,727 | \$354,235 | \$1,351,513 |
| | Total Expenses | \$2,214,291 | \$2,661,388 | \$2,475,784 | \$2,485,697 | \$9,837,159 |
| Revenue Over/(Under) Expenditures | | (\$2,080,812) | (\$2,558,985) | (\$2,285,252) | \$6,755,254 | (\$169,794) |
| Ending Cash Adjustment | | | | | | |
| Cash Available July 1, 2007 | | \$7,349,559 | \$4,790,574 | \$2,505,322 | \$9,260,576 | \$9,260,576 |
| Average Monthly Expenditures | | \$819,763 | | | | |
| Months of Funded Operations | | 11 | | | | |

Fiscal Year 2008 (Emission Year 2007)

The current fee rate \$34.50 is used for FY 2008

- ◆ CY 2007 Emissions
- ◆ FY 2008 Revenue
- ◆ FY 2009 Operations
- ◆ All facility fees are projected to be collected June 1, 2008.

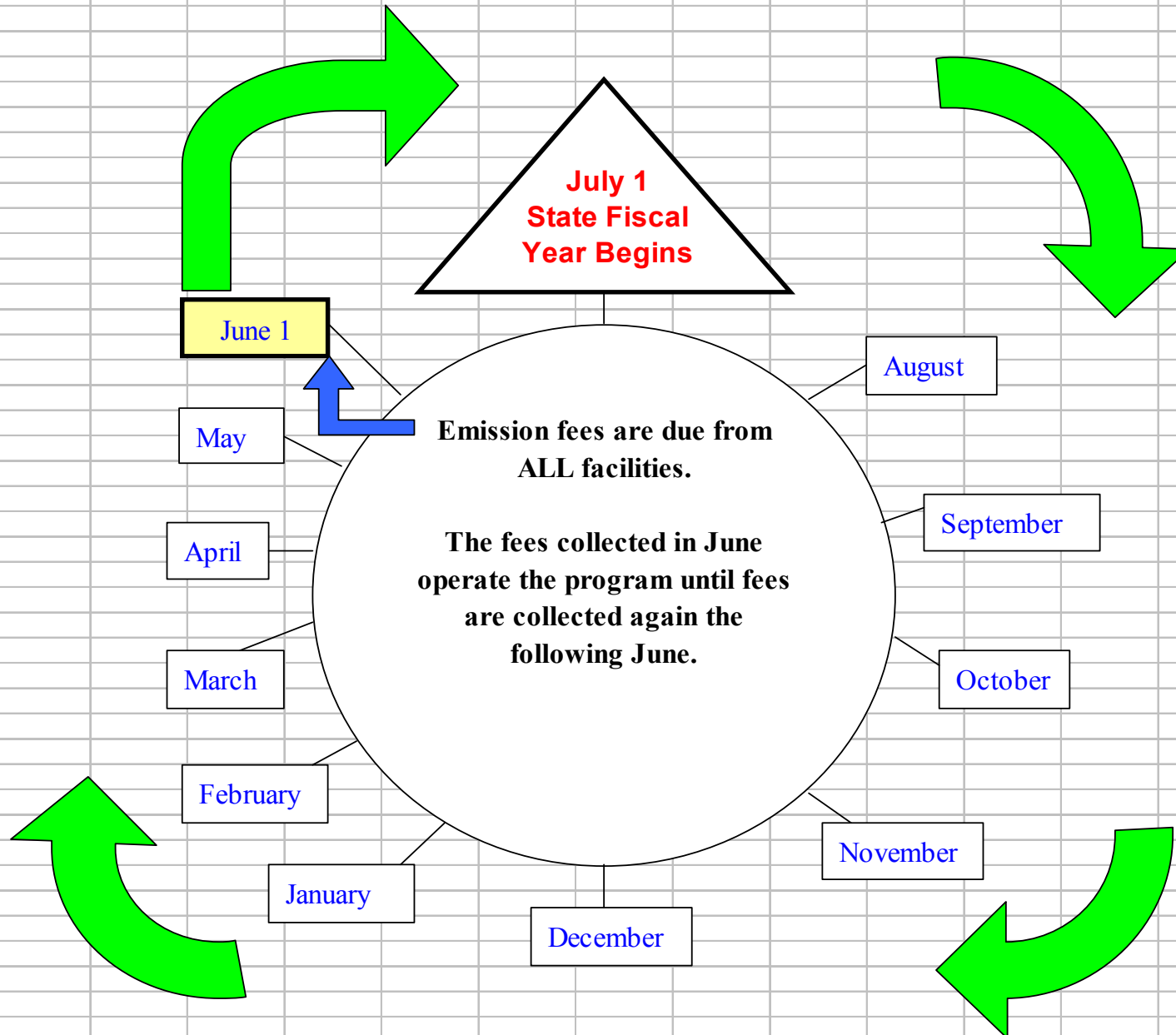
Fiscal Year 2008 Projected Financial Using Historical Rates (Emission Year 2007)

| Fiscal Year 2008 by Quarter | | 1st Quarter | 2nd Quarter | 3rd Quarter | 4th Quarter | FY08 Total |
|--|------------------------------|----------------------|----------------------|----------------------|--------------------|--------------------|
| Cash Available June 1, 2007 | | \$9,260,576 | | | | |
| Revenue Sources | | | | | | |
| | Permit Fees | \$64,694 | \$61,627 | \$167,819 | \$156,469 | \$450,609 |
| | Emission Fees | \$15,857 | \$2,986 | \$0 | \$8,847,657 | \$8,866,500 |
| | Interest Earned | \$51,865 | \$36,720 | \$21,636 | \$218,666 | \$328,887 |
| | Total Revenue | \$132,416 | \$101,333 | \$189,455 | \$9,222,792 | \$9,645,996 |
| Expenses and Encumbrances | | | | | | |
| | Salaries | \$1,194,296 | \$1,087,430 | \$1,012,163 | \$1,052,159 | \$4,346,047 |
| | Fringe Benefits | \$498,773 | \$454,413 | \$423,169 | \$439,772 | \$1,816,127 |
| | Operating Expenses | \$124,404 | \$229,050 | \$277,778 | \$224,692 | \$855,925 |
| | Facility Expenses | \$52,103 | \$96,594 | \$81,245 | \$74,351 | \$304,293 |
| | Grants to Local Air Agencies | \$66,091 | \$431,540 | \$320,607 | \$339,342 | \$1,157,580 |
| | Refunds | \$950 | \$483 | \$3,095 | \$1,146 | \$5,674 |
| | Department & State Overhead | \$277,674 | \$361,877 | \$357,727 | \$354,235 | \$1,351,513 |
| | Total Expenses | \$2,214,291 | \$2,661,388 | \$2,475,784 | \$2,485,697 | \$9,837,159 |
| Revenue Over/(Under) Expenditures | | (\$2,081,875) | (\$2,560,055) | (\$2,286,329) | \$6,737,095 | (\$191,163) |
| Ending Cash Adjustment | | | | | | |
| Cash Available July 1, 2008 | | \$7,178,701 | \$4,618,646 | \$2,332,317 | \$9,069,412 | \$9,069,412 |
| Average Monthly Expenditures | | \$819,763 | | | | |
| Months of Funded Operations | | 11 | | | | |

Fiscal Year 2007 Comparison

| Fiscal Year 2007 | Spending at Historical Rates | Spending at Full Appropriation |
|----------------------|---------------------------------|-----------------------------------|
| Available Cash | \$9.4M | \$9.4M |
| Expenses | \$9.8M | \$12.2M |
| Cash Flow Balance | (\$.4)M | (\$2 .8)M |
| Revenue | \$9.7M | \$9.6M |
| Next Year Cash Flow | \$9.3M | \$6.8M |
| | | |
| Months of Operations | 11 Months | 6.7 Months |

State Fiscal Year Cash Flow Cycle



Comparison of Emission Fee: EPA Rate

EPA's fee for Emission Year 2005 is \$39.48 per ton, which is the original \$25 fee from 1990 and adjusted yearly for changes in the CPI.

The Current Emission Fee would be \$39.48 per ton if the federal government administered this program.

Projected Impact on Small Business

The total emission fee paid by small business for Emission Year 2004 was \$355,179. The average tons were 6 at a \$33.00 fee rate for an average payment of \$198.

With the proposed Emission Year fee at \$34.50, the average payment would be \$207, due June 1, 2007.

Revised Statute of MO 643, Section 20, Subsection 38:

Definition of Small Business:

< 100 employees,

< 75 tons/year of all regulated pollutants,

< 50 tons/year of any regulated pollutant.

AIR MEDIA FUNDING

Emission & Permit Fees

Asbestos Fees

Inspection Maintenance (I/M) Fees

Interest Earned

Federal

President Bush's Proposed Federal Reductions

\$386K - 16% Federal Operating Reduction

\$200K - 67.4% Monitoring Reduction

**\$105K - Fully Funded Projects,
now requiring 40% Match**

TOTAL Air Media Funding Comparison

| Projected Fiscal Year 2007 | Spending at Full Appropriation | Add'l Funds Required for Federal Lost Revenue |
|----------------------------|--------------------------------|---|
| Available Cash | \$13.2M | \$13.2M |
| | | |
| Expenses | \$18.0M | \$18.7M |
| | | |
| Cash Flow Balance | (\$4.8M) | (\$5.5M) |
| | | |
| Revenue | \$14.8M | \$14.8M |
| | | |
| Next Year Cash Flow | \$10.0M | \$9.3M |
| | | |
| Months of Operations | 6.7 Months | 6.0 Months |

Total Air Media Funding = Revenue and Expenditures from the following funds; Federal, Asbestos Fees, Emission Fees, Permit Fees, I/M Fees, and Interest Earned.

Conclusion

The proposed rule was filed May 11, 2006 for the fee to remain at \$34.50 per ton of chargeable emissions for the CY 2006 Emission Fee with a June 1 due date. The Program will continue to monitor the proposed federal budget reductions.

The End